MONTANA

DRINKING WATER STATE REVOLVING FUND

ANNUAL REPORT

FOR STATE FISCAL YEAR 2011
(JULY 1, 2010 THROUGH JUNE 30, 2011)

Prepared by

Montana Department of Environmental Quality
and
Department of Natural Resources and Conservation

for
EPA Region VIII
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DRINKING WATER STATE REVOLVING FUND (DWSRF)
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STATE FISCAL YEAR (SFY) 2011

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I. INTRODUCTION

This Annual report adheres to the Operating Agreement negotiated between the State of Montana and the Environmental Protection Agency (EPA) concerning the administration of the Drinking Water State Revolving Fund (DWSRF). The annual report summarizes DWSRF activities for the state fiscal period beginning July 1, 2010 and ending June 30, 2011 (SFY11).

The DWSRF program was established as a result of the 1996 Amendments to the Federal Safe Drinking Water Act, which provided the authority for EPA to make capitalization grants to states. The grants, in conjunction with state matching funds, are used to provide financial assistance for the construction of drinking water projects and to support administration of the state program.

In anticipation of the 1996 Amendments to the Federal Act, the 1995 State Legislature, under Title 75, Chapter 6, Part 2, Montana Code Annotated, passed the enabling legislation, entitled the Safe Drinking Water Treatment Revolving Fund Act, giving authority to the Montana Department of Environmental Quality (DEQ) and the Department of Natural Resources and Conservation (DNRC) to adopt administrative rules to implement the program. Legislation also provided the ability to generate state matching funds, through the sale of state General Obligation Bonds (GO Bond Authority). Amendments to the Drinking Water State Revolving Fund Act were passed in the 1997, 1999, 2001, 2003, and 2005 Legislative Sessions. The 1997 amendments changed the title of the Act from "Safe Drinking Water Treatment Revolving Fund Act" to the "Drinking Water State Revolving Fund Act" and also made other changes consistent with the Federal Act. During the 1999 Legislative Session, the 1999 amendment clarified the transfer language between the DWSRF and Water Pollution Control State Revolving Fund (WPCSRF) Programs and added GO Bond Authority. The 2001 Amendment authorized the program to advance funds to projects funded, in part, by the federal government when federal funding has been approved but not appropriated. This provides interim financing until those federal funds become available. The 2003 Amendment increased GO Bonding Authority by $10 million, raising the total to $30 million. The 2005 amendment authorized the issuing of Revenue or Grant Anticipation Notes and authorized limited principal forgiveness to disadvantaged communities.

II. EXECUTIVE SUMMARY SFY11

During SFY11 Montana applied for the FFY11 capitalization grant. This grant was awarded June 8, 2011.

Since the inception of the DWSRF, Montana has issued six GO bonds, one Bond Anticipation Note (BAN) and two Revenue Anticipation Notes (RAN). These proceeds have been used as state match for loans, set asides, and program administration. Montana issued its first GO bond in October 1998 (SFY99), the second GO Bond in April 2000 (SFY00), the third GO bond in June 2001 (SFY01), the fourth GO Bond in June 2003 (SFY03); the fifth GO Bond in May 2005 (SFY05), and it's sixth GO bond in May, 2010 (SFY10). The total amount of bonds, BANs, and RANs issued to date is $21,595,000, with other state funds generated, match is $30,386,835. A summary of these bond issues is provided in Exhibit 1. Montana is planning for its seventh GO Bond later in calendar year 2012.

Exhibit 1, Sources of DWSRF Funds through SFY11, provides a complete tabulation of capitalization grant awards received through June 30, 2011, projected state match, binding commitments for loan projects through SFY11, and GO bonds, BANs, and RANs, and other state match issued for total state match. The combination of capitalization grants and bond proceeds provided the needed funds for DWSRF projects, set asides, and program administration during SFY11. In addition, DNRC provided a portion of their program administration services as an in-kind contribution in the amount of $-0- for SFY11.

During SFY11, the DWSRF program executed 18 project binding commitment agreements totaling $10,713,300 and seven ARRA commitments for $1,544,550 with total commitment of funds of $12,257,850 for the period. For a detailed breakdown of all DWSRF binding commitments signed and key dates of project activity that occurred in SFY11, refer to Exhibit 2: DWSRF SFY11 Binding Commitments Executed. See Exhibit 3 and 4 for the closed loans.

Detailed information concerning use of DWSRF funds, accomplishments of the program and adherence with the stated goals of the program are provided on the following pages.

III. GOALS OF THE DWSRF

The following information describes the goals of DWSRF program as identified in the SFY11 Intended Use Plan, and how these goals were achieved by the activities performed by DNRC and DEQ personnel throughout the course of the year.

Long-Term Goals

1. To continue building and maintaining a permanent, self-sustaining state revolving fund program that will serve as a cost-effective, convenient source of financing for drinking water projects in Montana.

   Projects funded during SFY11 met all program requirements governing financial capability to assume debt. Nine of twenty five loans received an interest rate of 3.75% on their loans (well below market rates) and two of the twenty five qualified for an interest rate of 2.75% under the disadvantaged community criteria or interim financing. Also, under the ARRA funding, two projects (received an interest rate of 1.75% on their loan. In addition, under the ARRA funding, 3 projects received an interest rate of 0.75% under the disadvantaged community criteria on one loan, and 2 of those received principal forgiveness on the other loan. These factors illustrate that the assistance is affordable. Refer to Exhibit 3 & 4. A copy of the cash flow with all the activity through SFY11 is included in this report as Appendix A.

2. To provide a financing and technical assistance program to help public water supplies achieve and maintain compliance with federal and state drinking water laws and standards for the protection and enhancement of Montana's public drinking water.

   To promote the availability of these DWSRF program services during SFY11, DWSRF staff presented information at a variety of events. This included two infrastructure workshops and the annual Montana Rural Water Systems conference, as well as meeting one on one with community leaders.

   Please also refer to the project descriptions and discussion of set-asides provided in Section V: Details of DWSRF Activity.

Short-Term Goals

1. Continue implementation and maintain the Drinking Water State Revolving Fund Program in Montana.

Since the approval of its DWSRF loan program and first capitalization grant award, Montana has been awarded thirteen more capitalization grants, issued matching GO bonds, BANs, and RANs, utilized the provision to transfer funds between the WPCSRF and DWSRF, and generated other revenue from loan repayments and interest investments. The number of closed loans through June 30, 2011 now totals $175,579,260. Please see Appendix E project list and location map.

2. To fund projects that address specific and immediate requirements of the SDWA, including the Disinfectant/Disinfection Byproducts, Long Term 2 Enhanced Surface Water Treatment, and Arsenic Rules, Montana anticipated funding at least four projects to address water treatment in SFY11.

   The anticipated projects for water treatment listed in the SFY11 IUP were for Lockwood WSD, City of Bozeman, City of Shelby, and Gore Hill WSD. Shelby closed it's loans utilizing ARRA funding and the project was completed. The Gore Hill WSD Project was also completed. Bozeman and Lockwood WSD are expected to close loans later in SFY12.

3. To fund projects that promote regionalization and/or achieve consolidation of two or more existing public water supplies, thereby improving water quality. Montana expected to fund four consolidation projects in SFY11.

   No consolidation project loans were closed during SFY11. Two regional water systems continued work on the next phases of their projects, but did not utilize SRF funding. The Town of Eureka-Midvale WSD Project is expected to close a loan later in SFY12. The plans for the City of Helena-Warren School project are unknown at this time.

4. To fund projects that address replacement of aging infrastructure. Montana anticipated funding at least thirteen projects of this type in SFY11.

   Twelve new projects (20 loans) were funded in SFY11 to replace aging infrastructure. Five of these projects (7 loans) utilized ARRA funding. These projects were Belgrade, Billings, Billings Heights WSD, Cut Bank, Green Acres WSD, Judith Gap, Laurel, Missoula Co.-Lewis & Clark Subdivision, Missoula-Mountain Water Company, University of Montana, Virginia City, and White Sulphur Springs. Five of these projects were green. Totaling $5,270,000, and were funded from the 2010 grant.

5. To fund projects that develop system sustainability through financial capacity by refinancing existing debt. Three refinancing loans were expected in SFY11.

   No loans were closed in SFY11 to refinance debt previously incurred. However, several loans are anticipated in SFY12 for this purpose.

6. Ensure the technical integrity of Drinking Water SRF projects through the review of planning, design plans and specifications, and construction activities.

   The trained technical staff of the Planning, Prevention, and Assistance Division (PPAD) continues to use the DWSRF Handbook of Procedures and knowledge gained from many years of operating both SRF Programs to ensure that this objective is met. The Handbook of Procedures is used as a guide to ensure that all state and federal laws governing the technical aspects of each project are satisfied.

   Steps were taken to update the Handbook of Procedures and streamline checklists and processes. A final revised edition was submitted to EPA in September 2001. This project was completed in early SFY02. It was again reviewed and updated during SFY06. Another review is tentatively planned in SFY12.

Staff attends training seminars and workshops to maintain and improve technical, financial, and programmatic knowledge. In SFY11, Anna Miller, Pam Smith, Janice Yearry, Lana Mullaney, Diana Hoy, Mo Leo, and Bob Fischer, attended the Council of Infrastructure Financing Authorities (CIFA) National Workshop; Anna Miller, Diana Hoy, Janice Yearry, Bob Fischer, Robert Ashton, Marc Golz and Mark Smith attended the Montana Rural Water Systems Conference; Gary Wiens, Robert Ashton, Marc Golz and Mark Smith attended the Montana AWWA Conference; Anna Miller attended the CIFA Legislative Conference.

7. To provide outreach to communities and utilize the set-aside funding by:

   a. providing technical assistance to water suppliers who request help with their system operation and maintenance procedures.

   b. providing financial and managerial assistance as part of capacity development education to those water supplies who request this type of help.

   c. assisting communities with the next phase of implementation of their Sourcewater/Wellhead Protection Plans.

   d. emphasizing that Public Water Supply Program (PWSP) staff perform sanitary surveys; facilitate SDWA compliance of the Long Term 2 Enhanced Surface Water Treatment, Stage 2 Disinfectant/Disinfection By-Products, Groundwater, and Arsenic Rules.

   e. ensuring that 95 % or more of the state's community and non-transient non-community water systems continue to have certified operators.

   Please see discussion of individual set-aside activities and accomplishments beginning on page 13.

8. Ensure the financial integrity of the Drinking Water SRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.

   See Appendix A: Cash Flow Model SFY11.

9. Ensure compliance with all pertinent federal, state, and local safe drinking water rules and regulations.

   To the best of our knowledge, the DWSRF program has ensured Public Water Supply Supervision (PWSS) compliance through the projects that have been funded and the various set-aside activities. Close coordination with the PWSS program has been essential in this effort.

Montana's DWSRF program also had the following additional short term goals with respect to the American Recovery and Reinvestment Act of 2009 (ARRA). The numbers correspond to the goal listed in that IUP.

1. Provide approximately thirty two new loans under the Act for eligible municipal drinking water construction projects or other green technology projects.

   Montana funded five drinking water projects (7 loans) utilizing the ARRA funding during SFY 2011.

2. Consistent with the requirements of the Act, provide financial assistance in the form of low interest loans with approximately 55% of the principal to be forgiven on each loan.

   All projects received approximately 55% principal forgiveness, and as previously stated, received an interest rate of either 1.75% or 0.75% on the balance of their loan.

3. Consistent with the intent of the Act, promote expeditious use of the funds made available under the Act by prioritizing those projects that will clearly initiate construction by June 17, 2009. Other qualifying projects that are clearly ready to proceed to construction by February 2010, as determined by DWSRF staff, will also be considered as eligible projects.

   Montana initially achieved this goal by having all funds obligated, and all projects under construction, by the February 17, 2010 deadline. Two additional projects were able to be funded from remaining balances from other projects combined with unused PWS set-aside and administration funds.

4. Promote the implementation of energy and water conservation and green technology by funding at least $3.9 million (20%) of projects or project elements that meet the intent of this requirement of the Act.

   Eighteen of the thirty two total projects (SFY 2009 and 2010) satisfied the green project criteria under the water conservation category, for a total dollar amount of $9,856,400. This amount is 49% of the total ARRA grant amount of $19,500,000, which well exceeds the 20% required by EPA. Montana had the highest percentage of green projects in the country.

5. Simplify the administrative and regulatory requirements of the program, without sacrificing project quality, to make the financial assistance readily accessible; coordinate on a regular basis with DNRC and financial consultants to consider ways to improve the program and optimize use of resources.

   As mentioned in no. 3 above, all funds were committed and projects were under construction before the February, 2010 deadline, despite several additional ARRA requirements and very tight timeframes.

6. Apply for all available appropriated federal funds contingent upon federal legislation.

   Montana received it's full ARRA grant award, and was preparing to apply for any unused funds by other states that would possibly be reallotted. However, all states met the February, 2010 deadline and therefore did not turn any funds back to EPA for further reallotment.

IV.FINANCIAL REPORTS

The Montana Legislative Audit Division (LAD) has completed their audit work for SFY10. Financial statements were presented to the Legislative Audit Committee (LAC). A qualified opinion was issued for the financial statements. A copy of the report was submitted to EPA Region VIII.

DEQ and DNRC engaged LAD to audit the State Revolving Fund financial activity beginning in SFY98. This decision was based on a new audit requirement conveyed in a directive from the Office of Water, Inspector General's Office, and the Office of Management and Budget.

The SFY11 un-audited financial statements, including footnotes are included as Appendix B. The SFY11 audit should be complete by May 2012.

V. DETAILS OF DWSRF ACTIVITY

A. Loan Assistance

During SFY11 the DWSRF program closed twenty five loans; seven of which consisted of ARRA funding, and signed 7 project binding commitment agreements. Twenty five new projects initiated construction and thirty four projects were completed. The rate of construction with respect to fund disbursements at fiscal year end was approximately 96% ($168.3M in disbursements and $175.6M in loans). The overall fund utilization rate is approximately 81.4% ($175.6M in loans, $215.6in available funds. Re. EPA).

Project Bypass

If it is determined by DEQ that a project or projects are not ready to proceed or that the project sponsors have chosen not to use the Drinking Water SRF funds, other projects may be funded in an order different from that indicated on the priority list. If DEQ chooses to bypass higher ranked projects, it should follow the bypass procedure.

Montana bypassed 113 projects on its Priority List with the funding of the Missoula-Mountain Water Co. project, ranked 127. Thirteen other communities (24 loans) closed loans. The higher ranked projects were not ready to proceed at the time, or perhaps were being financed by other funding entities. They were by-passed to fund lower ranked projects that were ready to proceed with construction, or that had already been constructed and desired refinancing to improve financial capacity. Refer to Exhibit 3: DWSRF Capitalized Grant Closed Loans For SFY11, Exhibit 3A DWSRF ARRA Grant Closed Loans For SFY11 and Exhibit 4: DWSRF Recycled Closed Loans For SFY11. Notification was sent to all by-passed communities that described the proposed projects to be funded, and also included the assurance that funds were still available for all loan applications anticipated at that time. No responses were received. No emergency projects were funded in SFY11. The status of top individual projects on the priority list that were bypassed is discussed below.

1. Eastview Acres HOA. Status of project unknown and was removed from Priority List.

2. South Chester WD. System has been negotiating compliance schedule with DEQ Public Water Supply Program. They are exploring alternative grant funding and have received some, but more funds are needed. They are also planning to join the North Central/Rocky Boys Regional Water Sysm when it is constructed in the future.

3. Crow Tribe. The system is also seeking alternative grant funding sources.

4. Town of Kevin. The community did receive ARRA funding for their project, started construction in

SFY10, and completed the project early in SFY11.

5. Upper/Lower River Road WSD. Phase III improvements were funded with ARRA funds and construction started in SFY10 and was completed in SFY11.

6. Essex. The project received ARRA funding, construction began in SFY10 and was completed in SFY11.

7. Town of Eureka. The community has continued preliminary discussions with DWSRF personnel about funding in the last year. Project construction utilizing an SRF loan is anticipated in SFY12.

8. Gore Hill WD. The system completed design, started construction and completed the project in SFY11 utilizing SRF loan funds.

9. Warren School/City of Helena. Status of project is unknown.

10. Town of Stevensville. System has prepared a preliminary engineering report (PER), and is pursuing other grant and loan funding for the project..

11. Sun Prairie Village Co. WSD. Preliminary engineering has been completed and the system is trying to obtain project funding. An application for SRF funds has not been received to date.

12. Town of Jordan. The community has obtained alternate funding sources and the project is under construction.

13. Dry Prairie Regional Water System. Design approval has been obtained for the current phase of the project. However, the system is utilizing other funding including ARRA funding (non SRF). Another SRF loan is anticipated in SFY12.

14. City of Hardin. A preliminary engineering report for treatment plant improvements has been submitted to SRF. It is anticipated that a project loan will close later in SFY12.

15. Rocky Boys/North Central Regional Water System. Construction has started on this project utilizing other sources of funding, and it is anticipated that an SRF loan may be closed sometime during SFY12.

16. Lockwood Water District. Project construction utilizing SRF funding is expected in SFY12.17. White Sulphur Springs. The community closed an SRF loan late in SFY11. Construction of the project will begin in the spring of 2012.

17.Bynum-Teton Co. WD. The community has received some state grant funding but additional funds are needed. To date, an SRF application has not been received.

18. Blue Cloud WSD, LLP. Status of project is unknown.

19. Avon School. Project has been completed using alternative funding and can be removed from the Priority List.

Disadvantaged Communities

Communities seeking a Drinking Water SRF loan that meet the disadvantaged community criteria described in the Intended Use Plan may receive an additional subsidy on their SRF loans, beyond the standard below-market rate financing. This includes communities that will meet the disadvantaged criteria based on projected rates as a result of the project.

In SFY11, Montana closed two loans at a 2.75% interest rate, for a total amount of $287,000. Three other communities closed five loans each utilizing ARRA funding, three of which had a 0.75% interest rate and two loans had a 0% interest rate with principal forgiveness. Only one loan had a term greater than 20 years. Three additional communities closed loans that totaled $4,164,000 and had 50% principal forgiveness for $2,082,000. In SFY12 we will have several loans with communities that may qualify for the disadvantaged interest rate.

Small Systems

The table below shows the breakdown of the population served by our loans in SFY11. We had a total of twenty five loans with fourteen communities for a total of $12,257,850. Ten communities (19 loans) are small systems that serve a population of less than 10,000 people. Small systems represent 59% of the loans made in FY11**.**

Public Water Supply	**Population**	**Loan Amount**
1. Belgrade A	8100	$500,000
2. Belgrade B	8100	$2,718,000
3. Belgrade C	8100	$161,300
4. Cut Bank A	3105	$70,000
5. Cut BankB	3105	$70,000
6. Gore Hill A	550	$265,000
7. Gore Hill B	550	$265,000
8. Green Acres A	465	$208,000
9. Green Acres B	465	$208,000
10. Judith Gap	145	$112,000
11. Laurel A	6806	$188,000
12. Laurel B	6806	$188,000
13. Missoula Co.-Lewis & Clark ARRA - C	270	$89,700
14. Shelby ARRA - A	3500	$416,300
15. Shelby ARRA -B	3500	$333,700
16. Shelby C	3500	$1,247,000
17. Virginia City ARRA-A-II	137	$26,600
18. Virginia City ARRA-B-II	137	$10,850
19. White Sulphur Springs	1000	$175,000
20.		
21.		
22.		
23.		
24.		
25.		
26.		
27.		
TOTAL		**$7,252,450**

Summary of Loan Assistance:

A tabulation of aggregate information can be found in Exhibit 5, History of DWSRF Binding Commitments. This table tabulates the quarterly federal payments, totals quarterly SRF binding commitments and cumulative binding commitments, and calculates Montana's achievement of its 100% binding commitment grant condition. In fiscal year 2011, the DWSRF maintained steady performance by executing project commitment agreements. The DWSRF completed SFY11 with binding commitments totaling 158.54% based on grant payments received four quarters earlier. We project in SFY12 that we will execute in excess of $29,644,000 in binding commitments. See Exhibit 6: DWSRF Projected Binding Commitments SFY12.

B. First-Round Funded Loans:
First-Round loans are financed with capitalization grants and state match. The DWSRF has financed the projects listed in Exhibit 3: DWSRF Capitalized Grant Closed Loans for SFY11.

C. Recycled Funded Loans:
Recycled loans are financed with loan repayments from first round money and funds from transfers from the WPCSRF program. The DWSRF has financed the projects listed in Exhibit 4: Recycled Closed Loans for SFY11. There was one loan made that used recycled funds in SFY11.

D. Source Of Funds:
Two sources of funds are used to capitalize the DWSRF: (1) the Federal Capitalization Grant, which provides 80% of the DWSRF loan funds; and (2) the state match, funded through the sale of GO bonds, which provides 20% of the DWSRF loan funds. State legislation originally authorized the sale of up to $10 million in GO bonds to match federal grant funds. In the 1999 and 2003 Legislative sessions, an additional $10 million of GO bonds were authorized each time for state match, bringing the total authorized to $30 million. This amount is adequate to cover funds currently authorized for the program. GO bonds, plus 3 RANs and a BAN, for a total of $21,595,000 have been issued by the DWSRF program to use as state matching funds through SFY11. See Exhibit 1: Sources of DWSRF Funds through SFY11. In SFY 11 in-kind services of $-0- have been provided to the DWSRF program by DNRC as match to federal grant funds and were used for program administration. Also, $11,282,486 of funds, have been transferred from the WPCSRF to the DWSRF for loans to date. See Exhibits 7 and 7A for a history of transferred funds between the two SRF programs.

The State of Montana adds a Loan Loss Reserve and an Administrative surcharge to its interest rate. The Loan Loss Reserve funds are used to fund the Required Reserve for the Drinking Water program bonds issued. Amounts over that required reserve are transferred to the principal account to be used for loans. The Administrative surcharge is used to fund administrative program costs not covered by the capitalization grants.

<u>SFY 2011</u>

Loan Loss Reserve funds collected: $854,789

Loan Loss Reserve funds transferred to Principal Account: $793,009

Administrative funds collected: $768,473

E. Federal Funds Drawn By The Program:
Exhibit 8, SFY 2011 Summary of Drinking Water SRF Letter of Credit to ASAP Draws shows 82 disbursement requests totaling $–12,919,211 Administrative -Set-Aside disbursement requests totaling $801,477 and 43 Non-Administrative Set-Aside requests totaling $1,267,286. The total Federal Draws for SFY 2011 were $14,987,974.

F. Set – Asides
DWSRF Budget and Draws by Set-Asides displays the financial summary of these non-project activities, see

Exhibit 9. In addition, DEQ is required to provide a 1 to 1 match for the State Program Management set-asides, which includes Public Water Supply Administration, Source Water Protection, Operator Certification, and Capacity Development. Up to one half of this match may come from expenditures made in 1993. Exhibit 10 summarizes the 1 to 1 match for SFY11.

All of the set-aside activities for the year are discussed below.

DWSRF ADMINISTRATION

The DWSRF sets aside the maximum four percent from the capitalization grants for program administration. DEQ's contract with DNRC and other activities that occurred were:

- review and assistance during planning, design, project bidding and construction
- loan origination work, administering repayments
- preparation of bond issuance with state's bond counsel firm of Dorsey & Whitney
- financial modeling
- DWSRF program audit
- costs associated with the legislatively appointed advisory committee
- public comment processes

SMALL SYSTEMS TECHNICAL ASSISTANCE

Montana has set aside 2% (the maximum allowed) of its Federal Fiscal Year (FFY) 97, FFY 98, FFY 99, and FFY 03 Drinking Water State Revolving Loan Fund grants for small systems technical assistance. In addition, the DEQ has reserved authority for the 2% allocation from the FFY 00 and FFY 01 grants. No additional funds were set aside from the FFY 02 grant. An additional $135,000 was set aside from the FFY 04 grant, $125,000 from the FFY 05 grant, $20,000 from the FFY 06 grant, $95,000 from the FFY 07 grant, $90,000 from the FFY 08 grant, $125,000 from the FFY 09 grant, $211,000 from the FFY 10 grant and $117,500 from the FY 11 grant for a total of $1,631,726.

This set-aside is used for contracted services and administration of contracts to meet Montana's goal of providing technical assistance to water supplies with their system operation and maintenance procedures. A contract was awarded in 1999 to Midwest Assistance Program (MAP) of Montana to provide operation and maintenance technical assistance (O&M TA). The O&M TA contract was re-bid in 2005 and was again awarded to MAP. Since implementation, the contractor has made over 1,600 site visits to small public water supplies for a total cost of approximately $1,387,000. Evaluations of this service, conducted annually by DEQ, indicate the program is successfully helping small public water suppliers to effectively maintain and operate their water systems. Contracted technicians help water system operators develop or enhance technical capabilities that assist them in meeting the capacity development requirements of the 1996 amendments to the Safe Drinking Water Act.

An evaluation of the contract by DEQ DWSRF staff in May and June 2011 determined that the contract should be continued. The contract was renewed for state fiscal year 2012 (July 2011 through June 2012). The contracted services are provided to systems serving a population of 10,000 or less. Approximately 0.10 FTE is needed to provide contract oversight related to this set-aside (approximately $10,000 for SFY2012).

PUBLIC WATER SUPPLY SUPERVISION SET-ASIDE: ADMINISTRATION

This set-aside funded salaries, benefits, and operating expenses for 6.18 environmental science specialists and 1.2 administrative personnel (partial FTE of bureau chief, field section supervisor and fiscal) assigned to the Helena, Billings, and Kalispell Offices. The positions were funded through the set-aside grants SFY09, SF10. The environmental science specialist positions provided technical assistance to water suppliers, performed sanitary surveys, and operator training. These positions also provided direct assistance to water suppliers in implementation of the Lead and Copper Rule, Phase 2/5 rules, Total Coliform Rule, Consumer Confidence Report Rule, Long Term Enhanced Surface Water Treatment Rules, Filter Backwash Rule, Disinfection/Disinfection By-Products Rule, Radionuclide Rule, Long Term 2, Stage 2 DBP Rule, Groundwater Rule, and the State's ground water chlorination rule. The set-aside also funded database development expenses associated with implementation, upgrading to SDWIS Web, and maintenance of SDWIS/state database, associated state-specific Oracle modules, and contracted sanitary surveys for public water supplies. All of these activities helped the PWSS Program achieve its over all goal of facilitating SDWA compliance by public water systems.

PWSS SOURCE WATER PROTECTION (SWP)

Section 1452(g) (2) (B) of the SDWA allows Montana to set aside a portion of the capitalization grant to "administer or provide technical assistance through source water assessment programs." Set-aside funds were used in State FY11 to administer the Source Water Protection Program and to provide technical assistance to local communities in the development of source water protection plans.

The specific goals achieved that were established in the Intended Use Plan and set-aside work plan in State FY11 were:

- Spatial datasets describing significant potential contaminant sources to drinking water supplies continue to be refined and available to PWS operators and the public. An effort is underway to create a live-link to PWS source data for other DEQ programs to ensure internal access to up-to-date source data.
- Staff made presentations at 9 workshops and 5 "water schools" across the state to teach public water supply operators, Realtors®, well drillers, and the public how to access the on-line data and how to use the on-line mapping tools.
- Flooding at small PWSs occurred in the spring of 2011 so SWP staff compiled EPA public service announcements which the agency provided to the media in impacted counties. At the same time and in preparation for public response, flood clean-up tips were updated and new information was prepared relating to wells and wastewater treatment during flood events.
- Provided technical review to Flathead Lake Biological Station on groundwater quality monitoring project.
- Montana requires a preliminary source water assessment for agency review to be provided by the developer of proposed PWS sources. In SFY11, staff reviewed 39 preliminary source water assessments. These reviews are very useful by helping ensure wells are developed with low susceptibility to potential contaminant sources (passive protection) rather than needing long-term active source water protection planning. Pre-development review remains the most cost-effective form of source water protection.
- Staff are advising groundwater contamination investigations posing risk to East Helena and Deer Lodge PWS sources. These sites are managed by other programs at DEQ; the Source Water Protection Program involvement is intended to assure the drinking water sources are considered and protected. The East Helena site is a former lead smelter with separate plumes of arsenic and selenium moving toward PWS sources. Deer Lodge is a former railroad refueling site and locomotive repair facility with significant groundwater contamination. A moving plume of petroleum product is migrating in the vicinity of one of three PWS drinking water sources.

CAPACITY DEVELOPMENT

The 1996 Amendments to the Safe Drinking Water Act allow states to use SRF funds to establish authority to enforce capacity requirements and to implement a capacity development strategy. This ensures that all new and existing community and non-transient non-community public water supply systems have the necessary technical, financial and managerial capability to comply with all of the primary requirements of the SDWA. EPA also requires that systems demonstrate adequate capacity in these areas as a condition of approval for Drinking Water SRF loans.

The state could have lost substantial portions of initial capitalization grants if it did not develop and implement strategies to assist existing water systems with capacity development. DEQ avoided the first of these withholding provisions by obtaining approval in 2000 of the state's Capacity Development Strategy for Existing Public Water Supply Systems. Subsequent withholding provisions of future capitalization grants can be avoided by adhering to the approved strategy and complying with the requirements for reporting capacity development improvements to the EPA.

The strategies are a methodology used to identify and prioritize public water systems in need of improving technical, financial, and managerial capacity (a complete copy of the capacity development strategies can be obtained from DEQ). Part of these strategies includes providing assistance to those systems by use of the set-aside funding. The state of Montana has over 1900 public water supplies. Given the large number of systems and a shortage of staff with the requisite financial and managerial experience, the department has chosen to provide these services through a contractor. The department entered into a contract with the Midwest Assistance Program (MAP) in March 2001 to provide these assistance services. Since then, MAP has provided in-depth financial and managerial services to 178 different public water systems. During SFY 11, MAP spent 1150 hours performing 89 site visits at a cost of approximately $73,800.

In March 2006 a new request for proposals was issued and the Midwest Assistance Program was again selected to provide financial and managerial assistance services. This new contract, which took effect in July 2006, may be renewed annually, at the discretion of DEQ, for up to a total of seven years.

These activities achieved the outputs specified in the state's intended use and set-aside work plans by providing assistance to public water systems in need of financial and managerial support. The success of these efforts is documented by the summary reports submitted by the contractor and the consistently favorable response to questionnaires sent to public water systems receiving aid.

PWSS OPERATOR CERTIFICATION

This set-aside has been used for personal services and operating expenses for staff in the Operator Certification Program. Set-aside funds are used to pay portions of the salary and benefits for full-time staff positions and the program manager and program operating expenses.

In the past year, the program has approximately 1,600 certified operators, including operators for approximately 682 community systems and 243 non-transient non-community systems. These water and wastewater operators hold over 3,273 certifications. Certification program activities include public outreach, collection and processing of applications, collection and processing of examination and certification fees, training, administration of exams, monitoring of continuing education credits, compliance monitoring, and assistance with formal enforcement activities. Annual compliance for FY2011 ran from 98.32 to 99.0% overall of the community public water supply systems in each category have properly certified operators, which achieves Montana's IUP goal of 95%.

The Operator Certification Program Manager sent the draft program to EPA Region VIII and Headquarters in October of 1999 and the program was formally approved in December 2000. The latest approval of Montana's

Operator Certification Program annual submittal package was received from EPA in October 2010. Positive feedback for the program has been received from both EPA Region VIII and Headquarters.

The DEQ requested and received approval for spending authority from the 2001 state legislature for very small water system expense reimbursement grant funding. EPA approved the grant application, and the reimbursement program began making reimbursements in October of 2002. Expenses associated with mandatory training qualified operators attended after July 1, 2002 is eligible for reimbursement. EPA has granted an extension of the funds through June 30, 2012 in the last approved work plan in April 2009.

The department has completed the transition of current water exams to standardized Association of Boards of Certification (ABC) water treatment and water distribution examinations and developed new On-Site Wastewater exams which utilize ABC and State Questions and four new Industrial Wastewater categories and exams. The completion of the Exam Prep Training Toolbox development was completed this past year with ERG funds. The program has converted the annual renewal program over to a new business process. The Department will continue to track progress and evaluate statistical data to ensure that the program administers valid, comprehensive, and fair examinations.

LOCAL ASSISTANCE AND OTHER STATE PROGRAMS - SOURCE WATER DELINEATION AND ASSESSMENT AND WELLHEAD PROTECTION

The specific goals achieved that were established in the Intended Use Plan and set-aside work plan in State FY11 were:

- Ten source water protection plans were reviewed by staff. All of these community water system plans were generated by Montana Rural Water.
- Forty-four sanitary surveys were completed by SWP Section staff. The source water assessment for each of these PWSs was updated where changes were noted during the field visit. Staff completed GUDI updates for each of these PWS sources. Staff continue to hone their understanding of small PWS operation through the on-the-ground work which is imperative to providing useful assistance to operators.
- Source Water Protection staff began coordinating with DEQ PWS Program in an effort to identify PWS water sources with significant vulnerability intended to result in targeted technical assistance.
- Source Water Delineation and Assessment Reports continue to be accessible via an on-line tool. These reports are beginning to be used by others seeking hydrogeologic, and potential contaminant source information.

VI. GRANT CONDITIONS AND CERTIFICATIONS

The State of Montana agreed to the following conditions outlined in the Operating Agreement. These items are discussed in more detail throughout the body of this report. To the best of our knowledge, DEQ and DNRC have abided by all requirements of state and federal law in the administration of this program.

(a) Assurance that the State has the authority to establish a Fund and operate the DWSRF program in accordance with SDWA.

The State of Montana's authority was re-certified and included with our application for and award of the FFY 11 capitalization grant.

(b) Assurance that the State will comply with State Statutes and regulations.

(c) Assurance that the State has the technical capability to operate the program.

(d) Assurance that the State will accept capitalization grant funds in accordance with a payment schedule.

Please see Exhibit 9: Drinking Water State Revolving Fund Fiscal Year 2011 Budget v. Draw by Category.

(e) Assurance that the State will deposit all capitalization grant funds in the Fund or Set-Aside Account.

(f) Assurance that the State will provide an amount equal to at least 20 percent of the capitalization grant (State match) in the Fund.

(g) Assurance that the State will deposit net bond proceeds, interest earnings, and repayments into the Fund.

(h) Assurance that the State will match capitalization grant funds the State uses for 1452(g)(2) set-asides.

(i) Assurance that the State will use Generally Accepted Accounting Principles.

(j) Assurance that the State will have the Fund and set-aside account audited annually in accordance with Generally Accepted Government Auditing Standards.

Please see Appendix B.

(k) Assurance that the State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments (or in the case of privately owned system, demonstrate that there is adequate security).

(l) Assurance that the State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.

(m) Assurance that funds will be used in accordance with the Intended Use Plan.

Please see Appendix C: Drinking Water SRF Intended Use Plan and Project Priority List, SFY 2011, and Appendix D, Intended Use Plan for American Recovery and Reinvestment Act of 2009.

(n) Assurance that the State will provide EPA with a Biennial Report.

The submission of this document will fulfill the State of Montana's responsibility to submit a report.

(o) Assurance the State will comply with all Federal crosscutting authorities.

(p) The state agrees that it will conduct an environmental review and a determination will be executed and distributed using a state process consisting of the same level of environmental detail required under the state Environmental Review Process for the Drinking Water SRF Program.

All construction projects that received assistance during SFY 11 were reviewed and approved using the Montana Environmental Policy Act (MEPA). It was determined that no Environmental Impact Statements were necessary. A Categorical Exclusion was either granted or an Environmental Assessment was prepared and a Finding of No Significant Impact was issued for all projects.

(q) The use of set-asides for Administrative Expenses, Small Systems Technical Assistance, State Program Management (Public Water Supply Supervision, Source Water Protection, Capacity Development, and Operator Certification), Local Assistance and Other State Programs (Source Water Delineation) will be identified each year in the IUP and established in accordance with the Drinking Water SRF Program Guidelines.

(r) Specific Requirements under Title XIV

1. In accordance with Section 1420(a) of the Safe Drinking Water Act, the state has the authority to ensure that all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, can demonstrate technical, managerial, and financial capability with respect to each national primary drinking water regulation in effect.

   EPA has reviewed and approved Montana's capacity development authority and strategies. Administrative Rules

   that implement Montana's strategies became effective on September 10, 1999.

2. The state currently has a water and wastewater treatment plant operator certification program within the Permitting and Compliance Division, Department of Environmental Quality.

In addition, the following conditions were given with the Capitalization Grant Award. To the best of our knowledge, DEQ and DNRC have abided by these requirements as well.

- The recipient agrees to ensure that all space for conferences, meetings, conventions, or training funded in whole or in part with Federal funds complies with the Hotel and Motel Fire and Safety Act of 1990.

- EPA Order 1000.25 Recycled Paper-DEQ is using recycled paper for printing reports to be delivered to EPA.

- Minority Business Enterprises/Women Business Enterprises (MBE/WBE) Utilization Under Federal Grants – During SFY 11 loan recipients were required to comply with all Federal requirements concerning Disadvantaged Business Enterprises (DBE) Utilization either by project specification or submitting appropriate reports during construction.

- The state's fair share goal for DBE participation is 5% for SFY 11 (2% MBE, 3% WBE). Refer to Exhibit 11 for the summary of the DWSRF Loans-MBE/WBE for contracts awarded during SFY 11.

VII. CURRENT STATUS AND FUTURE ACTIVITIES

The DWSRF continues to use US Bank as its trustee to manage funds and accounts established under the program. To date this arrangement has been very beneficial. DNRC has internet access to US Bank accounts, which has made monthly reconciliation of WPCSRF and DWSRF accounts more timely. D.A. Davidson and Co. and Piper Jaffray Inc. continue to act as the DWSRF bond underwriters and financial advisors. Dorsey & Whitney will continue to act as DWSRF bond counsel for the general obligation bonds issued in future fiscal years.

DEQ has completed work on the project database, which may ultimately include links with the DWSRF, the PWSS program, and fiscal services in both DEQ and DNRC. The DEQ's Technical and Financial Assistance Bureau has 0.05 FTE budgeted for maintaining the WPCSRF and DWSRF databases. This person serves as liaison between SRF program staff and DEQ's data processing and IT staff. The databases again facilitated federal reporting during SFY 11.

The following schedule indicates the key dates for continuation of the Drinking Water State Revolving Fund Loan Program in SFY12:

SFY12 ESTIMATED KEY DATES	**ACTIVITY**
August 2011	Held DWSRF bi-monthly meeting
October 2011	Held DWSRF bi-monthly meeting
October 2011	Held infrastructure financing workshops to promote and market DWSRF program
November 2011	Attended Fall CIFA Conference
December 2011	Hold DWSRF bi-monthly meeting
February 2012	Hold DWSRF bi-monthly meeting
Spring 2012	Hold infrastructure financing workshops to promote and market DWSRF program
April 2012	Hold DWSRF bi-monthly meeting
May 2012	Attend Spring CIFA Conference

VIII. GLOSSARY OF ACRONYMS AND INITIALIZATIONS

ARRA	American Recovery and Reinvestment Act of 2009
ASAP	Automated Standard Application for Payments
AWWA/MWEA	American Water Works Association/Montana Water Environment Association
BAN	Bond Anticipation Note
CIFA	Council of Infrastructure Financing Authorities
DBE	Disadvantaged Business Enterprises
DEQ	Montana Department of Environmental Quality
DNRC	Montana Department of Natural Resources and Conservation
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency
FFY	Federal Fiscal Year (which begins October 1 and ends September 30)
GAN	Grant Anticipation Note
GWUDISW	Ground Water Under the Direct Influence of Surface Water
GO	General Obligation
IUP	Intended Use Plan
LT2ESWTR	Long Term 2 Enhanced Surface Water Treatment Rule
LAC	Legislative Audit Committee
LAD	Legislative Audit Division
MBE	Minority Business Enterprises
MPDES	Montana Pollution Discharge Elimination System
NPS	Non-point Source
NMP	National Municipal Policy
PPAD	Planning, Prevention and Assistance Division
PPL	Project Priority List
PWSS	Public Water Supply Supervision
RAN	Revenue Anticipation Note
RSID	Rural Special Improvement District
SDWA	Safe Drinking Water Act
SFY	State Fiscal Year (which begins July 1 and ends June 30)
SID	Special Improvement District
SDWIS	State Drinking Water Information System
SWP	Source Water Protection
TFAB	Technical and Financial Assistance Bureau

TSEP	Treasure State Endowment Program
W_2ASACT	Water, Wastewater and Solid Waste Action Coordinating Team
WBE	Women Business Enterprises
WD	Water District
WPCSRF	Water Pollution Control State Revolving Fund
WSD	Water and Sewer District

EXHIBIT 1: SOURCES OF DWSRF FUNDS THROUGH SFY 11

Grant Number, Award Date & Year Funds Appropriated	State Fiscal Year Activity	Cap. Grant Amount	Projected State Match	Project Commitments by Fiscal Year		Actual State Match GO Bonds Issues	Other State Match
1) FS-998850-97 6/30/98; 1997	1998	$ 14,826,200	$ -	$ -		$ -	
No Grants awarded in SFY99	1999	$ -	$ 2,965,240	$ 24,274,000	(1) *	$ 3,065,000	
2) FS-998850-98 7/26/99; 1998	2000	$ 7,121,300	$ 1,424,260			$ -	
3) FS-998850-99 9/14/99; 1999		$ 7,463,800	$ 1,492,760	$ 15,073,701	(2)	$ 2,990,000	
4) FS-998850-00 10/02/00; 2000	2001	$ 7,757,000	$ 1,551,400			$ -	
5) FS-998850-01 05/21/01; 2001		$ 7,789,100	$ 1,557,820	$ 11,204,000	(3)	$ 3,190,000	$ 26,986
6) FS-998850-02 02/21/02; 2002	2002	$ 8,052,500	$ 1,610,500	$ 3,495,000		$ -	$ 145,660
No Grants awarded in SFY03	2003	$ -		$ 9,090,000	(4)	$ 1,675,000	$ 266,627
7) FS-998850-03 07/16/03 (set asides) & 6/28/04; 2003	2004	$ 8,004,064	$ 1,600,813	$ 8,180,780		$ -	$ 331,226
8) FS-998850-05 08/16/04 (04 set asides), 6/16/05 (2004 & 2005 grants & 2005 set asides)	2005	$ 16,588,524	$ 3,317,705	$ 12,683,000	(5)	$ 3,875,000	$ 421,554
8) FS-998850-05 8/5/05 Transfer to WPCSRF		$ (5,000,000)					
9) FS-998850-06 5/17/06; 2006	2006	$ 8,229,300	$ 1,645,860	$ 24,929,596		$ -	$ 1,095,911
10) FS-998850-07 6/5/07; 2007	2007	$ 8,229,000	$ 1,645,800	$ 17,007,000		$ -	$ 552,917
11) FS-998850-08 6/5/07; 2008	2008	$ 8,146,000	$ 1,629,200	$ 14,357,160	(6)	$ 1,500,000	$ 720,991
11) FS-998850-08 3/12/09 Transfer to WPCSRF		$ (5,000,000)					
12) 2F-97879201 5/18/09; ARRA	2009	$ 19,500,000	$ -	$ 18,444,800	(7)	$ 3,000,000	$ 761,882
13) FS-998850-09 1/25/10; 2009		$ 8,146,000	$ 1,629,200		(8)	$ 5,400,000	
14) FS-998850-10 6/9/10; 2010	2010	$ 13,573,000	$ 2,714,600	$ 25,383,111	(8)	$ (4,100,000)	$ 2,975,072
14) FS-998850-10 10/5/10; Transfer to WPCSRF		$ (3,000,000)					
15) FS-998850-11 6/8/11;	2011	$ 9,268,000	$ 1,853,600	$ 5,425,997	(9)	$ 1,000,000	$ 1,493,009
TOTAL		$ 139,693,788	$ 26,638,758	$ 189,548,145		$ 21,595,000	$ 8,791,835

*Bond Anticipation Note issued 7-31-98 for $1,000,000, paid off by GO Bond for $3,065,000 issued 10-6-98

1) First General Obligation Bond Issued October 1, 1998 for $3,065,000
2) Second General Obligation Bond Issued April 15, 2000 for $2,990,000
3) Third General Obligation Bond Issued June 15, 2001 for $3,190,000
4) Fourth General Obligation Bond Issued June 15, 2003 for $1,675,000
5) Fifth General Obligation Bond Issued May 5, 2005 for $3,875,000
6) BAN 8/10/07 $500,000 and RAN 4/15/08 $1,000,000
7) Revenue Anticipation Note (RAN) 4/3/09 $3,000,000
8) Sixth General Obligation Bond Issued May 18, 2010 for 1,300,000 + refunded balances of 2000A & 2001G bonds.
9) RAN 3/4/11 $1,000,000

EXHIBIT 2: DWSRF BINDING COMMITMENTS EXECUTED SFY 11

DWSRF SFY11 BINDING COMMITMENTS EXECUTED

Public Entity	Type of Security	B.C. Date	B.C. Amount	Bond Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest	Net Interest	Term
Eureka	Revenue	3/2/2011	$ 1,186,000.00			$ -		2.75%	2.00%	2
Gore Hill A (dec)	Revenue	1/19/2010	$ (16,000.00)	$ 265,000.00	$ 265,000.00	$ -	12/15/2010	0.00%	0.00%	
Green Acres A	Revenue	10/18/2010	$ 208,000.00	$ 208,000.00	$ 208,000.00	$ -	12/7/2010	0.00%	0.00%	0
Green Acres B	Revenue	10/18/2010	$ 208,000.00	$ 208,000.00	$ 142,778.00	$ 65,222.00	12/7/2010	3.75%	2.00%	20
Harlowton A	Revenue	12/8/2010	$ 437,000.00			$ -		0.00%	0.00%	0
Harlowton B	Revenue	12/8/2010	$ 437,000.00			$ -		3.75%	2.00%	20
Laurel A	Revenue	9/2/2010	$ 188,000.00	$ 188,000.00	$ 188,000.00	$ -	12/2/2010	0.00%	0.00%	0
Laurel B	Revenue	9/2/2010	$ 188,000.00	$ 188,000.00	$ 83,855.00	$ 104,145.00	12/2/2010	3.75%	2.00%	20
Upper Lower River Road (dec)	Revenue	3/15/2011	$ (100,000.00)			$ -		2.75%	2.00%	
White Sulphur Springs	BAN	4/14/2011	$ 175,000.00	$ 175,000.00	$ 68,890.00	$ 106,110.00	5/11/2011	2.75%	2.00%	2
White Sulphur Springs A	Revenue	4/14/2011	$ 500,000.00			$ -		0.00%	0.00%	0
White Sulphur Springs B	Revenue	4/14/2011	$ 1,573,000.00			$ -		3.75%	2.00%	20
Total Committed Regular WRF			$ 4,984,000.00	$ 1,232,000.00	$ 956,523.00	$ 275,477.00				

DWSRF SFY11 BINDING ARRA COMMITMENTS EXECUTED

Homestead Acres ARRA A	Revenue	12/20/2010	$ 218,700.00	$ -		$ -		0.00%	0.00%	0
Homestead Acres ARRA B	Revenue	12/20/2010	$ 175,297.00	$ -		$ -		0.75%	0.75%	20
Virginia City II ARRA A	Revenue	7/21/2010	$ 26,600.00	$ 26,600.00	$ 26,600.00	$ -	8/18/2010	0.00%	0.00%	0
Virginia City II ARRA A	Revenue	7/21/2010	$ 21,400.00	$ 10,850.00	$ 10,850.00	$ -	8/18/2010	0.75%	0.75%	11
Total Committed ARRA			$ 441,997.00	$ 37,450.00	$ 37,450.00	$ -				
Total Committed Regular & ARRA			**$ 5,425,997.00**	**$ 1,269,450.00**	**$ 993,973.00**	**$ 275,477.00**				

EXHIBIT 3: DWSRF CAPITALIZED GRANT CLOSED LOANS FOR SFY 11

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest
Belgrade A (2010 forgiven)	Revenue	6/15/2010	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ -	7/21/2010	0.00%
Belgrade B (2010 grant)	Revenue	6/15/2010	$ 2,718,000.00	$ 2,718,000.00	$ 740,410.00	$ 1,977,590.00	7/21/2010	3.75%
Billings IV-A (2010 forgiven)	Revenue	3/15/2010	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ -	7/19/2010	0.00%
Billings IV-A (2010 grant)	Revenue	3/15/2010	$ 3,000,000.00	$ 2,800,000.00	$ 2,477,697.00	$ 322,303.00	7/19/2010	3.75%
Billings Heights A (2010 forgiven)	Revenue	9/24/2010	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ -	2/23/2011	0.00%
Billings Heights B (2010 grant)	Revenue	9/24/2010	$ 538,000.00	$ 538,000.00	$ 297,060.00	$ 240,940.00	2/23/2011	3.75%
Cut Bank A (2010 forgiven)	Revenue	10/25/1999	$ 70,000.00	$ 70,000.00	$ 70,000.00	$ -	7/15/2010	0.00%
Cut Bank B (2010 grant)	Revenue	10/25/1999	$ 70,000.00	$ 70,000.00	$ 70,000.00	$ -	7/15/2010	3.75%
Gore Hill A (2010 forgiven)	Revenue	1/19/2010	$ 265,000.00	$ 265,000.00	$ 265,000.00	$ -	12/15/2010	0.00%
Gore Hill B (2010 grant)	Revenue	1/19/2010	$ 265,000.00	$ 265,000.00	$ 188,919.00	$ 76,081.00	12/15/2010	3.75%
Green Acres A (2010 forgiven)	Revenue	10/18/2010	$ 208,000.00	$ 208,000.00	$ 208,000.00	$ -	12/7/2010	0.00%
Green Acres B (2010 grant)	Revenue	10/18/2010	$ 208,000.00	$ 208,000.00	$ 142,778.00	$ 65,222.00	12/7/2010	3.75%
Judith Gap	Revenue	3/26/2010	$ 112,000.00	$ 112,000.00	$ 5,601.00	$ 106,399.00	7/15/2010	2.75%
Laurel A (2010 forgiven)	Revenue	9/2/2010	$ 188,000.00	$ 188,000.00	$ 188,000.00	$ -	12/2/2010	0.00%
Laurel B (2010 grant)	Revenue	9/2/2010	$ 188,000.00	$ 188,000.00	$ 83,855.00	$ 104,145.00	12/2/2010	3.75%
Shelby C	Revenue	6/29/2010	$ 1,247,000.00	$ 1,247,000.00	$ 1,065,556.00	$ 181,444.00	12/27/2010	3.75%
White Sulphur Springs	BAN	4/14/2011	$ 175,000.00	$ 175,000.00	$ 68,890.00	$ 106,110.00	5/11/2011	2.75%
Closed Loans			$ 10,752,000.00	$ 10,552,000.00	$ 7,371,766.00	$ 3,180,234.00		

EXHIBIT3A: DWSRF ARRA GRANT CLOSED LOANS FOR SFY 11

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest
Missoula County ARRA C	Rev	7/20/2009	$ 113,700.00	$ 89,700.00	$ 4,979.00	$ 84,721.00	12/20/2010	0.75%
Mountain Water ARRA B	Rev	12/17/2009	$ 333,700.00	$ 333,700.00	$ 333,700.00	$ -	8/23/2010	1.75%
Shelby ARRA A	Rev	6/29/2010	$ 416,300.00	$ 416,300.00	$ 416,300.00	$ -	8/31/2010	0.00%
Shelby ARRA B	Rev	6/29/2010	$ 333,700.00	$ 333,700.00	$ 333,700.00	$ -	8/31/2010	0.75%
University of Montana ARRA B	Rev	8/26/2009	$ 333,700.00	$ 333,700.00	$ 333,700.00	$ -	10/12/2010	1.75%
Virginia City ARRA A-II	Rev	7/21/2010	$ 26,600.00	$ 26,600.00	$ 26,600.00	$ -	8/18/2010	0.00%
Virginia City ARRA B-II	Rev	7/21/2010	$ 21,400.00	$ 10,850.00	$ 10,850.00	$ -	8/18/2010	0.75%
Closed Loans ARRA			$ 1,557,700.00	$ 1,544,550.00	$ 1,459,829.00	$ 84,721.00		

EXHIBIT 4: DWSRF RECYCLED CLOSED LOANS FOR SFY 11

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest
Belgrade C	Revenue	5/19/2009	$ 426,000.00	$ 161,300.00	$ 161,300.00	$ -	1/19/2011	3.75%
						$ -		
Closed Loans			$ 426,000.00	$ 161,300.00	$ 161,300.00	$ -		

EXHIBIT 5: HISTORY OF DWSRF BINDING COMMITMENTS

Federal Fiscal QTR/YR	State Fiscal Year	Qtr	Grant Payments	Cumulative Payments	Binding Commitment	Fiscal Year inding Commitme	Cumulative inding Commitme	BC/Payments One Year Earlier
4Q FFY01	SFY02	1	$ 8,648,120	$ 39,694,112	$ 1,641,000		$ 52,192,701	168.11%
1Q FFY02	SFY02	2		$ 39,694,112	$ 1,066,000		$ 53,258,701	171.55%
2Q FFY02	SFY02	3		$ 39,694,112	$ 604,000		$ 53,862,701	173.49%
3Q FFY02	SFY02	4	$ 8,910,356	$ 48,604,468	$ 184,000	$ 3,495,000	$ 54,046,701	174.09%
4Q FFY02	SFY03	1		$ 48,604,468	$ 2,500,000		$ 56,546,701	142.46%
1Q FFY03	SFY03	2		$ 48,604,468	$ 887,000		$ 57,433,701	144.69%
2Q FFY03	SFY03	3	$ 8,805,900	$ 57,410,368	$ 4,703,000		$ 62,136,701	156.54%
3Q FFY03	SFY03	4		$ 57,410,368	$ 1,000,000	$ 9,090,000	$ 63,136,701	129.90%
4Q FFY03	SFY04	1		$ 57,410,368	$ 1,384,000		$ 64,520,701	132.75%
1Q FFY04	SFY04	2		$ 57,410,368	$ 1,229,000		$ 65,749,701	135.28%
2Q FFY04	SFY04	3		$ 57,410,368	$ 3,355,780		$ 69,105,481	120.37%
3Q FFY04	SFY04	4	$ 8,574,713	$ 65,985,081	$ 2,212,000	$ 8,180,780	$ 71,317,481	124.22%
4Q FFY04	SFY05	1		$ 65,985,081	$ 565,000		$ 71,882,481	125.21%
1Q FFY05	SFY05	2		$ 65,985,081	$ (45,000)		$ 71,837,481	125.13%
2Q FFY05	SFY05	3		$ 65,985,081	$ 4,587,000		$ 76,424,481	133.12%
3Q FFY05	SFY05	4	$ -	$ 65,985,081	$ 7,576,000	$ 12,683,000	$ 84,000,481	127.30%
4Q FFY05	SFY06	1		$ 65,985,081	$ 19,032,596		$ 103,033,077	156.15%
1Q FFY06	SFY06	2		$ 65,985,081	$ 179,000		$ 103,212,077	156.42%
2Q FFY06	SFY06	3		$ 65,985,081	$ 638,000		$ 103,850,077	157.38%
3Q FFY06	SFY06	4	$ 12,505,685	$ 78,490,766	$ 5,080,000	$ 24,929,596	$ 108,930,077	165.08%
4Q FFY06	SFY07	1		$ 78,490,766	$ 100,000		$ 109,030,077	165.23%
1Q FFY07	SFY07	2		$ 78,490,766	$ 6,756,000		$ 115,786,077	175.47%
2Q FFY07	SFY07	3		$ 78,490,766	$ 8,557,000		$ 124,343,077	188.44%
3Q FFY07	SFY07	4	$ 8,745,988	$ 87,236,754	$ 1,296,000	$ 16,709,000	$ 125,639,077	160.07%
4Q FFY07	SFY08	1		$ 87,236,754	$ 2,637,000		$ 128,276,077	163.43%
1Q FFY08	SFY08	2		$ 87,236,754	$ 1,456,000		$ 129,732,077	165.28%
2Q FFY08	SFY08	3		$ 87,236,754	$ 6,238,160		$ 135,970,237	173.23%
3Q FFY08	SFY08	4	$ 8,570,640	$ 95,807,394	$ 4,324,000	$ 14,655,160	$ 140,294,237	160.82%
4Q FFY08	SFY09	1		$ 95,807,394	$ 475,000		$ 140,769,237	161.36%
1Q FFY09	SFY09	2		$ 95,807,394	$ 73,800		$ 140,843,037	161.45%
2Q FFY09	SFY09	3		$ 95,807,394	$ 3,808,000		$ 144,651,037	165.81%
3Q FFY09	SFY09	4	$ 3,454,360	$ 99,261,754	$ 8,813,000	$ 13,169,800	$ 153,464,037	160.18%
4Q FFY09	SFY10	1		$ 99,261,754	$ 1,556,000		$ 155,020,037	161.80%
1Q FFY10	SFY10	2		$ 99,261,754	$ 628,000		$ 155,648,037	162.46%
2Q FFY10	SFY10	3		$ 99,261,754	$ 5,019,500		$ 160,667,537	167.70%
3Q FFY10	SFY10	4	$ 8,301,360	$ 107,563,114	$ 4,874,365	$ 12,077,865	$ 165,541,902	166.77%
4Q FFY10	SFY11	1		$ 107,563,114	$ 376,000		$ 165,917,902	167.15%
1Q FFY11	SFY11	2		$ 107,563,114	$ 1,274,000		$ 167,191,902	168.44%
2Q FFY11	SFY11	3		$ 107,563,114	$ 1,086,000		$ 168,277,902	169.53%
3Q FFY11	SFY11	4	$ 14,361,680	$ 121,924,794	$ 2,248,000	$ 4,984,000	$ 170,525,902	158.54%
	TOTALS		$ 121,924,794				$ 170,525,902	
	CUM TOTAL		$ 121,924,794				$ 170,525,902	

EXHIBIT 5A: HISTORY OF DWSRF BINDING COMMITMENTS ARRA

Federal Fiscal QTR/YR	State Fiscal Year	Qtr	Grant Payments	Cumulative Payments	Binding Commitment	Fiscal Year inding Commitme	Cumulative inding Commitme	BC/Payments One Year Earlier
4Q FFY08	SFY09	1	$ 17,577,646	$ 17,577,646			$ -	
1Q FFY09	SFY09	2					$ -	
2Q FFY09	SFY09	3			$ 3,418,000		$ 3,418,000	
3Q FFY09	SFY09	4			$ 1,857,000	$ 5,275,000	$ 5,275,000	
4Q FFY09	SFY10	1			$ 8,159,000		$ 13,434,000	
1Q FFY10	SFY10	2			$ 4,396,246		$ 17,830,246	
2Q FFY10	SFY10	3			$ -		$ 17,830,246	
3Q FFY10	SFY10	4			$ 750,000	$ 13,305,246	$ 18,580,246	
4Q FFY10	SFY11	1			$ 48,000		$ 18,628,246	
1Q FFY11	SFY11	2			$ 308,000		$ 18,936,246	
2Q FFY11	SFY11	3					$ 18,936,246	
3Q FFY11	SFY11	4	$ 1,191,997	$ 18,769,643	$ 85,997	$ 441,997	$ 19,022,243	
	TOTALS		$ 18,769,643	$ 18,769,643	$ 19,022,243	$ 19,022,243	$ 19,022,243	

EXHIBIT 6: DWSRF PROJECTED BINDING COMMITMENTS FOR SFY 12

Public Entities	Estimated Date of Commitment	Estimated Loan Amounts
Lockwood	Sep-11	$ 873,000
Bozeman	Sep-11	$ 19,552,000
Dry Prairie	Sep-11	$ 1,259,000
North Central	Oct-11	$ 100,000
Butte	Oct-11	$ 4,700,000
Helena	Oct-11	$ 1,100,000
Scobey	Nov-11	$ 395,000
Columbus	Nov-11	$ 1,000,000
Glendive	Nov-11	$ 300,000
Upper Lower River Rd	Dec-11	$ 385,000
Total		$ 29,664,000

EXHIBIT 7: AMOUNTS AVAILABLE TO TRANSFER BETWEEN STATE REVOLVING FUND PROGRAMS

Table 1 - Amounts Available to Transfer between State Revolving Fund Programs

Year	Transaction Description	Banked Transfer Ceiling	Transferred from CWSRF to DWSRF	Transferred from DWSRF to CWSRF	DWSRF Funds Available for Transfer	CWSRF Funds Available for Transfer
1997	DW Grant Award	$4,892,646	---	---	$4,892,646	$4,892,646
1998	DW Grant Award	7,242,675	---	---	7,242,675	7,242,675
1999	DW Grant Award	9,705,729	---	---	9,705,729	9,705,729
2000	DW Grant Award	12,265,539	---	---	12,265,539	12,265,539
2000	Transfer (2nd Rnd $)	12,265,539	4,750,328	-0-	17,015,867	7,515,211
2001	DW Grant Award	14,835,942	---	---	19,586,270	10,085,614
2001	Transfer (2nd Rnd $)	14,835,942	4,032,158	-0-	23,618,428	6,053,456
2002	DW Grant Award	17,493,267	---	---	26,275,753	8,710,781
2004	DW Grant Award	20,134,608	---	---	28,917,094	11,352,122
2004	Transfer (2nd Rnd $)	20,134,608	-0-	2,559,810	26,357,284	13,911,932
2005	Transfer (2nd Rnd $)	20,134,608	-0-	2,570,403	23,786,881	16,482,335
2005	Transfer (2nd Rnd $)	20,134,608	-0-	1,000,000	22,786,881	17,482,335
2005	DW Grant Awards	25,608,821	---	---	28,261,094	22,956,548
2006	Transfer (1st Rnd $)		-0-	5,000,000	23,261,094	27,956,548
2006	DW Grant Award	28,324,490	-	-	25,976,763	30,672,217
2007	DW Grant Award	31,040,060	-	-	28,692,333	33,387,787
2008	Transfer (2nd Rnd $)		2,500,000		31,192,333	30,887,787
2008	DW Grant Award	33,728,240			33,880,513	33,575,967
2009	Transfer (1st Rnd $)			5,000,000	28,880,513	38,575,967
2009	DWGrant Award	36,416,420			31,568,693	41,264,147
2009	DW ARRA Grant Award	42,851,420			38,003,693	47,699,147
2010	DW Grant Award	47,330,510			42,482,783	52,178,237
2011	Transfer (1st Rnd $)			3,000,000	39,482,783	55,178,237
2011	DW Grant Award	50,465,510			42,617,783	58,313,237
2012	Transfer (2nd Rnd $)			3,000,000	39,617,783	61,313,237
Total			**11,282,486**	**22,130,213**		

EXHIBIT 8: SUMMARY OF DRINKING WATER STATE REVOLVING FUND FEDERAL DRAWS FOR SFY 11

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
1st Quarter							
07/01/10	479,935					479,935	
07/02/10	183,993					183,993	20,619
07/06/10	175,254					175,254	
7/7/10	64,076					64,076	3,015
7/9/10	374,276					374,276	93,274
7/13/10	309,558					309,558	
07/14/10	64,314					64,314	756
07/16/10	15,107					15,107	
07/19/10	384,865					384,865	49,925
07/23/10	95,231					95,231	23,808
07/26/10	265,567					265,567	
07/29/10		14,700		52,300		67,000	
08/04/10	156,519					156,519	12,995
08/10/10	147,558					147,558	10,424
08/11/10	967,376	23,905	10,000	37,300	11,000	1,049,581	106,048
08/12/11	10,830					10,830	
08/17/10	254,799					254,799	2,587
08/19/10	10,372					10,372	
08/25/10	112,256					112,256	
08/26/10		26,000		32,000		58,000	
08/30/10	187,778					187,778	28,388
09/08/10	828,549					828,549	207,137
09/09/10		4,900		27,600		32,500	
09/17/10	114,156					114,156	3,870
09/23/10	143,759	50,500	3,500	82,000	3,335	283,094	
09/24/10	202,521					202,521	
1st Quarter Draws	$ 5,548,649	$ 120,005	$ 13,500	$ 231,200	$ 14,335	$ 5,927,689	$ 562,846

EXHIBIT 8: SUMMARY OF DRINKING WATER STATE REVOLVING FUND FEDERAL DRAWS FOR SFY 11 (CONTINUED)

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
2nd Quarter							
10/1/10	47,833					47,833	
10/4/10	1,668					1,668	
10/7/10		20,000	13,800	35,400	9,300	78,500	
10/8/10	514,795					514,795	24,463
10/12/10	50,673					50,673	
10/15/10	559,195					559,195	139,799
10/18/10	10,772					10,772	
10/19/10	266,802					266,802	
10/21/10	8,104					8,104	
10/22/10		32,200		33,500		65,700	
10/25/10	108,530					108,530	26,413
10/26/10	66,576					66,576	16,643
10/27/10	47,710					47,710	
11/1/10	263,149					263,149	
11/4/10		24,700		32,600	4,500	61,800	
11/9/10	32,546					32,546	
11/10/10	392,001					392,001	784
11/12/10	344,722					344,722	86,180
11/15/10	26,035					26,035	
11/18/10	7,439					7,439	1,859
11/22/10	95,735	27,300	15,960	46,100	21,000	206,095	
11/24/10	70,919					70,919	8,523
11/30/11	197,718					197,718	4,157
12/1/10	131,041					131,041	28,897
12/2/10	17,236	53,600	11,000	32,800	5,000	119,636	2,725
12/6/10	553					553	
12/13/10	107,078					107,078	8,365
12/15/10	213,929	54,686		30,268	4,167	303,050	3,326
12/22/10	83,156					83,156	20,789
12/23/10		5,750	100	2,150		8,000	
12/29/10		40,924		22,933	4,273	68,130	
2nd Quarter Draws	$ 3,665,915	$ 259,160	$ 40,860	$ 235,751	$ 48,240	$ 4,249,926	$ 372,923

EXHIBIT 8: SUMMARY OF DRINKING WATER STATE REVOLVING FUND FEDERAL DRAWS FOR SFY 11 (CONTINUED)

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
3rd Quarter							
1/3/2011	52,438					52,438	
1/4/2011				9,452		9,452	
1/5/2011	34,084					34,084	6,601
1/7/2011	159,906					159,906	39,977
1/14/2011	2,097	18,268	18,065	28,072	5,221	71,723	
1/20/2011	40,089					40,089	9,696
1/25/2011	1,012,931					1,012,931	133,192
1/31/2011		30,202	16,165	57,242	7,091	110,700	
2/3/2011	61,007					61,007	
2/4/2011	6,696					6,696	
2/7/2011	289,122					289,122	5,380
2/11/2011	524,408	26,895	811	30,238	3,741	586,093	124,093
2/14/2011		7,010	52	6,332	796	14,190	
2/17/2011	35,657					35,657	8,914
2/18/2011	28,103					28,103	7,026
02/23/11	18,334	28,928	237	30,500	4,150	82,149	
02/25/11				271		271	
03/01/11		7,512	10,260	18,318	1,841	37,931	
03/02/11	69,860					69,860	
03/04/11	222,585					222,585	20,323
03/07/11	42,790					42,790	
03/09/11	5,000	32,806		37,078	4,658	79,542	
03/15/11	104,711					104,711	26,178
03/17/11		29,885	3,063	34,280	3,822	71,050	
03/22/11	2,891					2,891	723
03/25/11		8,195	9,276	3,897	-247	21,121	
03/28/11		10,945	52	-6,302	737	5,432	
03/29/11	140,016					140,016	9,560
3rd Quarter Draws	$ 2,852,725	$ 200,646	$ 57,981	$ 249,378	$ 31,810	$ 3,392,540	$ 391,663

EXHIBIT 8: SUMMARY OF DRINKING WATER STATE REVOLVING FUND FEDERAL DRAWS FOR SFY 11 (CONTINUED)

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
4th Quarter							
04/01/11		5,757		2,620		8,377	
04/06/11		29,146		37,689	3,945	70,780	
04/13/11				100		100	
04/19/11	4,450					4,450	
04/20/11		29,532		34,871	3,848	68,251	
04/22/11		11,107		4,131		15,238	
04/27/11	120,066					120,066	
04/28/11		611		1,216	1,931	3,758	
05/02/11		908	881	2,137	150	4,076	
05/04/11	120,086					120,086	30,022
05/05/11		31,600		34,750	3,250	69,600	
05/06/11			17,250			17,250	
05/09/11	12,000					12,000	3,000
05/10/11	14,843					14,843	
05/11/11		18,300		1,750		20,050	
05/13/11	75,719					75,719	18,930
05/16/11				8,000		8,000	
05/18/11		30,900	1,175	34,100	1,800	67,975	
05/20/11	92,803					92,803	
06/02/11	13,988	46,535	13,370	36,310	1,162	111,365	3,497
06/09/11	25,314					25,314	6,329
06/10/11	24,611	50		700	25	25,386	6,153
06/14/11	19,582					19,582	4,895
06/15/11	328,460	24,300	100	35,075	1,025	388,960	54,032
06/17/11		-8,760		8,760		0	
06/20/11		480		1,540	70	2,090	
06/27/11		1,200				1,200	
06/28/11			19,500	30,725	275	50,500	
4th Quarter Draws	$ 851,922	$ 221,666	$ 52,276	$ 274,474	$ 17,481	$ 1,417,819	$ 126,858
Total FY11 Draws	$ 12,919,211	$ 801,477	$ 164,617	$ 980,803	$ 111,866	$ 14,987,974	$ 1,454,290

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11

Program Name: FS998850 - 97	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	593,048	593,048	-	-
Technical Assistance	296,524	296,524	-	-
State Programs				
Public Water Supply Administration	120,000	120,000	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	55,000	55,000	-	-
Subtotal	*325,000*	*325,000*	-	-
Local Assistance	1,482,620	1,482,620	-	-
Loans	12,129,008	12,129,008	-	-
Total	**14,826,200**	**14,826,200**	-	-

Program Name: FS998850 - 98	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	284,852	284,852	-	-
Technical Assistance	142,426	142,426	-	-
State Programs				
Public Water Supply Administration	155,470	155,470	-	-
Source Water Protection/Database	105,000	105,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
Subtotal	*340,470*	*340,470*	-	-
Loans	6,353,552	6,353,552	-	-
Total	**7,121,300**	**7,121,300**	-	-

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11 (CONTINUED)

Program Name: FS998850 - 99	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	298,552	298,552	-	-
Technical Assistance	149,276	149,276	-	-
State Programs				
Public Water Supply Administration	154,800	154,800	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
Subtotal	*334,800*	*334,800*	-	-
Loans	6,681,172	6,681,172	-	-
Total	**7,463,800**	**7,463,800**	-	-

Program Name: FS998850 - 00	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	310,280	310,280	-	-
State Programs				
Public Water Supply Administration	155,000	155,000	-	-
Source Water Protection/Database	75,000	75,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	70,000	70,000	-	-
Subtotal	*350,000*	*350,000*	-	-
Loans	7,096,720	7,096,720	-	-
Total	**7,757,000**	**7,757,000**	-	-

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11 (CONTINUED)

Program Name: FS998850 - 01	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	311,564	311,564	-	-
State Programs				
Source Water Protection/Database	75,000	75,000	-	-
Capacity Development	50,000	50,000	-	-
Subtotal	*125,000*	*125,000*	-	-
Loans	7,352,536	7,352,536	-	-
Total	**7,789,100**	**7,789,100**	-	-

Program Name: FS998850 - 02	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	322,100	322,100	-	-
State Programs				
Public Water Supply Administration	395,000	395,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	90,000	90,000	-	-
Subtotal	*535,000*	*535,000*	-	-
Loans	7,195,400	7,195,400	-	-
Total	**8,052,500**	**8,052,500**	-	-

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11 (CONTINUED)

Program Name: FS998850 - 03	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	320,164	320,164	-	-
Technical Assistance	125,000	125,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Public Water Supply Administration	395,000	395,000	-	-
Operator Certification	90,000	90,000	-	-
Subtotal	*585,000*	*585,000*	-	-
Loans	6,973,900	6,973,900	-	-
Total	**8,004,064**	**8,004,064**	-	-

Program Name: FS998850 - 04	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	332,124	332,124	-	-
Technical Assistance	135,000	135,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	82,000	82,000	-	-
Public Water Supply Administration	160,000	160,000	-	-
Operator Certification	90,000	90,000	-	-
Subtotal	*432,000*	*432,000*	-	-
Local Assistance	40,000	40,000	-	-
Total	**939,124**	**939,124**	-	-

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11 (CONTINUED)

Program Name: FS998850 - 05	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	331,420	331,420	-	-
Technical Assistance	125,000	125,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	75,000	75,000	-	-
Public Water Supply Administration	630,000	630,000	-	-
Operator Certification	160,000	160,000	-	-
Subtotal	*965,000*	*965,000*	-	-
Local Assistance	40,000	40,000	-	-
Loans	9,187,980	9,187,980	-	-
Total	**10,649,400**	**10,649,400**	-	-

Program Name: FS998850 - 06	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	329,172	329,172		-
Technical Assistance	20,000	20,000		-
State Programs				
Source Water Protection/Database	100,000	100,000		-
Capacity Development	50,000	50,000		-
Public Water Supply Administration	550,000	550,000		-
Operator Certification	30,000	30,000		-
Subtotal	*730,000*	*730,000*	-	-
Local Assistance	50,000	50,000	-	-
Loans	7,100,128	7,100,128		-
Total	**8,229,300**	**8,229,300**	-	-

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11 (CONTINUED)

Program Name: FS998850 - 07	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	329,160	329,160		-
Technical Assistance	95,000	95,000		-
State Programs				
Source Water Protection/Database	100,000	100,000		-
Capacity Development	80,000	80,000		-
Public Water Supply Administration	550,000	550,000		-
Operator Certification	60,000	60,000		-
Subtotal	*790,000*	*790,000*	-	-
Local Assistance	90,000	90,000		-
Loans	6,924,840	6,924,840		-
Total	**8,229,000**	**8,229,000**	-	-

Program Name: FS998850 - 08	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	325,840	325,840		-
Technical Assistance	90,000	90,000		-
State Programs				
Source Water Protection/Database	99,600	99,600		-
Capacity Development	75,000	75,000		-
Public Water Supply Administration	550,000	550,000		-
Operator Certification	90,000	90,000		-
Subtotal	*814,600*	*814,600*	-	-
Local Assistance	90,400	90,400		-
Loans	1,825,160	1,825,160		-
Total	**3,146,000**	**3,146,000**	-	-

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11 (CONTINUED)

Program Name: FS998850 - 09	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	325,840	320,135	5,705	-
Technical Assistance	125,000	97,340	27,660	-
State Programs				
Source Water Protection/Database	100,000	92,894	7,106	-
Capacity Development	78,000	68,912	9,088	-
Public Water Supply Administration	665,000	366,708	292,672	5,620
Operator Certification	90,000	88,686	1,314	-
Subtotal	*933,000*	*617,200*	*310,180*	*5,620*
Local Assistance	90,000	75,665	14,335	-
Loans	6,672,160	3,366,605	3,305,555	-
Total	**8,146,000**	**4,476,945**	**3,663,435**	**5,620**

Program Name: FS998850 - 10	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	542,920	-	542,920	-
Technical Assistance	211,000	-	136,957	74,043
State Programs				
Source Water Protection/Database	140,000	-	116,522	23,478
Capacity Development	82,000	-	55,429	26,571
Public Water Supply Administration	700,000	-	379,613	320,387
Operator Certification	120,000	-	116,500	3,500
Subtotal	*1,042,000*	-	*668,064*	*373,936*
Local Assistance	130,000	-	97,531	32,469
Loans	8,647,080	-	4,781,271	3,865,809
Total	**10,573,000**	-	**6,226,743**	**4,346,257**

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11 (CONTINUED)

Program Name: FS998850 - 11	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	370,720	-		370,720
Technical Assistance	117,500	-		117,500
State Programs				
Source Water Protection/Database	700,000	-		700,000
Capacity Development	140,000	-		140,000
Public Water Supply Administration	85,000	-		85,000
Operator Certification	120,000	-		120,000
Subtotal	*1,045,000*	-	-	*1,045,000*
Local Assistance	130,000	-		130,000
Loans	7,604,780	-		7,604,780
Total	**9,268,000**	-	-	**9,268,000**

Program Name: 2F978792-01 ARRA	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	680,000	409,460	252,852	17,688
Technical Assistance	-			-
State Programs				
Source Water Protection/Database	-			-
Capacity Development	-			-
Public Water Supply Administration	50,357	37,798	12,559	-
Operator Certification	-			-
Subtotal	*50,357*	*37,798*	*12,559*	-
Local Assistance	-			-
Loans	18,769,643	12,943,796	4,832,385	993,462
Total	**19,500,000**	**13,391,054**	**5,097,796**	**1,011,150**

EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 11 (CONTINUED)

Program Name: Total All Grants	Budget	Previous Draws	SFY 11 Draws	Balance 6/30/2011
Administration	6,007,756	4,817,871	801,477	388,408
Technical Assistance	1,631,726	1,275,566	164,617	191,543
State Programs				
Public Water Supply Administration	2,144,870	1,297,764	123,628	723,478
Source Water Protection/Database	1,627,000	1,395,912	64,517	166,571
Capacity Development	4,705,357	3,609,506	684,844	411,007
Operator Certification	9,242,536	9,001,222	117,814	123,500
Subtotal	*17,719,763*	*15,304,404*	*990,803*	*1,424,556*
Local Assistance	2,143,020	1,868,685	111,866	162,469
Loans	120,514,059	95,130,797	12,919,211	12,464,051
Total	**148,016,324**	**118,397,323**	**14,987,974**	**14,631,027**

EXHIBIT 10: SET ASIDES 1 TO 1 MATCH FUNDING SUMMARY

		FUND SOURCES		
State FYE 93		**FEDERAL**	**STATE MATCH**	**STATE EXCESS**
Activity	**R/C**			
Public Water Supply Program	2511/2512	738,559	246,186	
Drinking Water Fees	2512			203,526
Subdivisions	2515			173,061
Subdivision Supplemental	2518			101,731
Board Cert for W&WW Operators	2516			57,085
	TOTAL FY 93	**738,559**	**246,186**	**535,404**

		FUND SOURCES		
State FYE 11		**FEDERAL**	**STATE Match**	**STATE Match**
Activity	**Org Unit**	**PPG Grant**	**PPG Grant-25%**	**for SRF Grant**
Public Water Supply Program - 02204	120520, 302832, 545811	1,344,250	336,063	
Subdivision Fees - 02418	120520,302827,546115 - 546141			356,395
Drinking Water Fees - 02204	545812, 545819			568,164
Board Cert for W&WW Operators - 02420	545916			84,438
	TOTAL FY 11	**1,344,250**	**336,063**	**1,008,996**

EXHIBIT 11: DWSRF LOANS: MBE/WBE FOR CONTRACTS AWARDED DURING SFY 11

Exhibit 11: DWSRF Loans – MBE/WBE For Contracts Awarded During SFY 11								
FFY Qtr/Yr	SFY Qtr/Yr	Borrower	Loan No.	Bid Amount	Loan Amount	DBE Type	DBE Amount	DBE Percent #
04/10	01/11	N/A						
01/11	02/11	Billings Heights W&SD	11-237/238	$426,013	$1,038,000	WBE	$5479	1.3%
02/11	03/11	N/A						
03/11	04/11	Homestead Acres W&SD (ARRA)	12-243	$1,005,053	$393,997	MBE	$96,964	9.6%
		Miles City (ARRA)	10-185	$434,988	$333,700	MBE	$434,988	100%

APPENDIX A: SFY11 CASH FLOW MODEL

APPENDIX B: SFY11 FINANCIAL STATEMENTS UNAUDITED WITH FOOTNOTES

APPENDIX C: SFY11 INTENDED USE PLAN

APPENDIX D: INTENDED USE PLAN FOR AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

APPENDIX E: MAP OF PROJECTS AND LIST